Kent Homes Implements Specitup® Cloud Solution to Manage Features and Determine Profitable Selling Prices for Its Homes

For the last 26 years, home buyers in the Wilmington, Southport, and South Wilmington areas of North Carolina have come to know Kent Homes as the go-to provider of affordable luxury homes. The company will start 65 homes in 2015, with an average price of $380,000 for their homes, which average 2,800 square feet. Kent Homes is family owned, and Dan Kent oversees operations, while working with a loyal team that includes his daughter, who is carrying on the family tradition of fine home building.

FEATURE SET PRICING

When Kent Homes sells a home, its base price includes a pre-determined feature set. Then, like most home builders, Kent allows for a buyer to add options on top of the base features.

"We often have people adding $10,000 in options to our base models," said Dan Kent, "and some buyers will add as much as $45,000 in options. But we also have some buyers who purchase the base model for the selling price, and accept the feature set we have designated for that model."

"Before we had the right software in place, I always had two nagging questions after each sale: 1) Did we 'give away' too many features in the base model prices? In other words, was the base model feature set richer than it needed to be to make the sale? And 2) are we losing sales because a competitor is offering a better feature set of 'goodies' for the same price as our homes, making us look bad by comparison?"

"If I know the answers to those two questions," Dan Kent said, "I can more accurately determine a competitive selling price, and rest assured that I am not giving away options that people might otherwise pay for in the option process."

Those are two common concerns for every home builder. But Dan Kent was able to find a software solution to put him at ease.

> ## Executive Summary
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> - Established 1989
> - Builds in: Wilmington, Southport, NC
> - 2015 Starts: 65
> - Average price/size: $380,000 / 2,800 sq. ft.
> - Base plans: 40
> - Software:
> - Specitup
> - BuilderMT
> - Sales Simplicity
> - CG Visions
> - Punchlist Manager

SPECITUP TO THE RESCUE

Over the years, Kent Homes has always run top-shelf software: For workflow management, the company runs BuilderMT, with Sage accounting in the background. For CRM and sales automation, Kent Homes runs Sales Simplicity, along with CG Visions and Punchlist Manager.

But there was a clear gap in the existing software solutions when it came to determining:

- How a Kent Homes base model feature set stacked up against comparable homes sold by competitors for the retail prices Kent Homes was charging,
- What features Kent Homes could add in – or take away! – and still maintain competitive pricing with a competitive product, and
- Kent Homes wanted to shorten the time it took to bring a new plan into his sales lineup.

To address these challenges, Kent Homes turned to Specitup.

Already pre-integrated into BuilderMT, Sales Simplicity, and CG Visions, Specitup allows Kent Homes to engage in pro forma analysis of various feature sets, to see how to optimize its new home offering, determine accurate (guaranteed profitable) selling prices, and engage in what if scenarios, so Kent can "fine tune" its offering, and extract the maximum profit for the competitive sale price.

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FOUR KEY FUNCTIONS SPECITUP OFFERS KENT HOMES

"With Specitup implemented, it performs in four key areas for us, and we couldn't be happier with the results," said Dan Kent.

"For starters, we have always been looking for a way to bring new home plans into production with greater speed. Specitup lets us add a new plan in a very short time. It used to be that we had to involve our estimating team to add a new plan," Kent said, "and we would determine the price of all the new home's features, before we could price it for sale. Now we use Specitup's unit of measure approach to determine that price. I can add a new plan in a matter of hours, whereas it used to take four to five weeks, and involved lots of labor from my estimators. Now, we don't engage estimating until the house is actually sold. The degree of accuracy that Specitup offers in the base model pricing process is more than adequate for arriving at the selling price that we know is profitable."

"Secondly, if we are getting beat up on sales, with a competitor offering a $380,000 product that is winning sales away from our $380,000 product, Specitup allows us to do a pro forma analysis of the two products to see what goodies we have to add for the $300,000 base price to start winning those sales," Kent explained. "That's invaluable to us and keeps us competitive."

"Third, sometimes we are actually winning sales so readily that I wonder if I am giving away too many goodies in the base model feature set. Specitup lets me go in and see if I can remove some goodies, still get the sale, and remain profitable. That's happened more than a few times with us, so I was leaving money on the table and I didn't need to! Specitup showed me why and how to prevent it."

"Fourth, if we are looking at a lot draw in a new neighborhood, I have to determine if there is money to be made there with the products we well at our price point. Specitup lets me do a pro forma, with our base model and our typical feature sets to see if there is money to be made. If the land is too rich, or the competitors too competitive on the feature set and retail prices, we won't even draw for the land."

In short, Specitup works in tandem with the data and database structures of BuilderMT, Sales Simplicity, and CG Visions to add a layer of pro forma capability that is otherwise unavailable to home builders…and it's a pro forma capability that ensures and protects profitability not through guesswork and intuition, but through an empirical approach to the process of offering and pricing features.

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IMPLEMENTING SPECITUP: WHAT IT TAKES

"Implementing Specitup forced us to really look at our plans and all the features and options in each base model, so we could build a database in CG Visions' Pipeline software. We have 40 base plans, and the Specitup approach required us to calculate the square footage of each room in each plan, and that's what took up most of our prep time," Kent explained.

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"When that work was done, working with the Specitup team was a great experience. We worked directly with Rick Cosgrove, the inventor of Specitup. Rick is a brilliant software guy. Best of all, he can think like a builder, and he's always accessible," Kent added. "He's been building databases and configuring software for builders for decades, and there is no one better at it than Rick."

"Once Specitup was implemented, we found it very easy to use; it's dashboard driven and honestly didn't take much training to master. It's already paid for itself many times over. Now that we have it, we are never going back."

ABOUT SPECITUP

Designed exclusively for production home builders (50+ home annual starts), Specitup automates and makes more precise the error-prone process of setting selling prices for new homes that guarantees a profit for the builder.

The basis of Specitup functionality is its ability to manage, price, and determine the margins for various features contained in the "base home" that builders offer to their buyers. By knowing the combined price of the features, the builder can determine his square foot selling price, apply his desired margins, and set a home price that maximizes profits.

Additionally, with Specitup, home builders can quickly determine if they are offering too many features in a base home…or not enough. Then, they can quickly adjust their feature offerings across their entire home plan archive.

When feature pricing needs adjustment, Specitup can change pricing universally throughout the builder's database (by dollar amount or by margin percentage) working across the entire inventory of home plans, features, and options. Specitup even allows builders to set up "test communities," so they can examine the profitability of different home plan series on a what-if basis.

ABOUT KENT HOMES

At Kent Homes, we're big enough to serve you well, but small enough to give you the personalized attention and choices you deserve in your home. We're a small company, big on personalized service so you get more you in your home with one of our homes. We've been building homes and friendships since 1989 and with us, you're a name, not a number. You're part of the family, not part of a transaction. We're local, not regional. We're personal, not corporate. Yes, we're small, but we're the right size to build great, affordable luxury homes. Learn more: www.KentHomes.net